

Addictions Foundation of Manitoba

Financial Statements

March 31, 2020



Independent auditor's report

To the Board of Governors of Addictions Foundation of Manitoba

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Addictions Foundation of Manitoba (the Foundation) as at March 31, 2020 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 22, 2020

Addictions Foundation of Manitoba

Statement of Financial Position

As at March 31, 2020

	2020 \$	2019 \$
Financial Assets		
Cash	13,395,642	11,630,068
Accounts receivable	1,594,231	405,484
Recoverable from the Province of Manitoba		
Vacation pay recoverable from the Province of Manitoba (note 4)	667,567	667,567
Pre-retirement pay (note 8)	1,153,316	1,153,316
Long-term pension funding (note 9)	30,854,090	29,867,069
	<u>47,664,846</u>	<u>43,723,504</u>
Liabilities		
Accounts payable and accrued liabilities	2,299,144	2,037,649
Accrued vacation pay (note 4)	1,540,503	1,521,441
Deferred revenue (note 6)	258,486	310,553
Obligations under capital lease (note 7)	183,428	209,212
Long-term debt (note 10)	4,561,914	4,865,888
Accrued pre-retirement pay (note 8)	2,407,921	2,467,380
Provision for employee pension benefits (note 9)	30,854,090	29,867,069
	<u>42,105,486</u>	<u>41,279,192</u>
Net financial assets	<u>5,559,360</u>	<u>2,444,312</u>
Non-Financial Assets		
Prepaid assets	135,547	108,986
Tangible capital assets (note 5)	7,384,093	8,445,273
	<u>7,519,640</u>	<u>8,554,259</u>
Accumulated surplus (notes 11 and 17)	<u>13,079,000</u>	<u>10,998,571</u>
Commitments (note 12)		

Approved by the Board of Directors

ORIGINAL DOCUMENT SIGNED _____ Chair

ORIGINAL DOCUMENT SIGNED _____ Vice Chair

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	2020	2019
	Budget	Actual
	\$	\$
Revenue		
Government of the Province of Manitoba		
Operating	23,796,350	24,612,005
Contract funding		24,588,090
Manitoba Justice – Drug Treatment Court	145,516	114,004
Long-term pension – net (note 9)	-	(87,708)
Other funding	87,040	723,895
Department of Families – Child and Family Services Division	269,700	269,700
Manitoba Liquor & Lotteries (Social Responsibility – Gambling)	3,723,334	3,821,934
Manitoba Liquor & Lotteries (Social Responsibility – Liquor)	1,444,075	1,444,075
Manitoba Liquor & Lotteries (Starfish Project)	-	-
Gain on sale of tangible capital assets	-	763,673
Other (note 14)	2,230,228	4,367,194
	<u>31,696,243</u>	<u>36,028,772</u>
		<u>33,818,610</u>
Substance use expenses (note 15)		
Administration	1,950,230	1,948,257
Severance and pension	630,871	131,667
Flood insurance claim (note 14)	-	2,326,533
COVID-19 safety expenses	-	25,093
Communications and corporate services	1,707,262	1,549,546
River Point Centre/M.O.S.T. Program	6,891,824	6,993,689
Gambling/Satellite (ECM)	1,414,968	1,403,076
Youth (ECM)	2,938,402	2,976,238
Women’s & Family (Winnipeg)	3,167,533	3,114,390
Winnipeg buildings	1,259,818	1,463,135
Brandon/Southwest	3,541,162	3,593,172
Ste. Rose/Parkland	2,196,589	2,075,823
AFM North	2,969,414	3,060,532
School Based Programs	1,428,788	1,224,260
Impaired Drivers Program	866,268	723,437
Information technology	775,251	776,315
Rapid Access Addiction Medicine	512,863	609,644
	<u>32,251,243</u>	<u>33,994,807</u>
		<u>32,393,001</u>
Operating surplus (deficit) before other	(555,000)	2,033,965
Other		
Government transfers for capital	295,000	46,464
	<u>(260,000)</u>	<u>15,366</u>
Operating surplus (deficit) for the year	<u>(260,000)</u>	<u>2,080,429</u>
Accumulated surplus – Beginning of year		<u>10,998,571</u>
Accumulated surplus – End of year		<u>13,079,000</u>
		<u>10,998,571</u>

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Statement of Change in Net Financial Assets

For the year ended March 31, 2020

		2020	2019
	Budget \$	Actual \$	Actual \$
Operating surplus for the year	(260,000)	2,080,429	1,440,975
Acquisition of tangible capital assets	-	(77,424)	(195,043)
Contributed tangible capital assets	(295,000)	(46,464)	(15,366)
Proceeds on disposal of tangible capital assets	-	1,190,347	1,279,784
Amortization of tangible capital assets	622,227	758,394	726,345
Gain on sale of tangible capital assets	-	(763,673)	(1,200,582)
	327,227	1,061,180	595,138
Acquisition of prepaid assets	-	(223,551)	(435,732)
Use of prepaid assets	-	196,990	401,850
	-	(26,561)	(33,882)
Increase in net financial assets	67,227	3,115,048	2,002,231
Net financial assets – Beginning of year	2,444,312	2,444,312	442,081
Net financial assets – End of year	2,511,539	5,559,360	2,444,312

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash flows from operating activities		
Operating surplus for the year	2,080,429	1,440,975
Items not affecting cash		
Gain on disposal of tangible capital assets	(763,673)	(1,200,582)
Tangible capital assets received as contributions	(46,464)	(15,366)
Amortization of tangible capital assets	758,394	726,345
	<u>2,028,686</u>	<u>951,372</u>
Non-cash changes to operations		
Accounts receivable	(1,188,747)	(186,067)
Recoverable from Manitoba Health	-	207,203
Prepaid asset	(26,561)	(33,882)
Long-term pension funding commitment	(987,021)	(1,285,468)
Accounts payable and accrued liabilities	261,495	(18,863)
Accrued vacation pay	19,062	(102,823)
Change in deferred revenue	(52,067)	(76,314)
Provision to employee pension benefits	987,021	1,285,468
Net change in accrued pre-retirement pay	(59,459)	(159,912)
	<u>982,409</u>	<u>580,714</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(77,424)	(195,043)
Proceeds on disposal of tangible capital assets	1,190,347	1,279,784
	<u>1,112,923</u>	<u>1,084,741</u>
Cash flows from financing activities		
Decrease in long-term debt and credit facility	(303,974)	(678,917)
Increase (decrease) on capital lease obligations	(25,784)	22,033
	<u>(329,758)</u>	<u>(656,884)</u>
Net increase in cash	1,765,574	1,008,571
Cash – Beginning of year	11,630,068	10,621,497
Cash – End of year	<u>13,395,642</u>	<u>11,630,068</u>

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

1 Nature of the Foundation

Addictions Foundation of Manitoba (the Foundation) is incorporated under the *Addictions Foundation of Manitoba Act*. The Foundation is the provincial authority for providing prevention, education and treatment programs related to addictions to individuals and communities and for promoting the health and well-being of Manitobans. In this respect, the Foundation is dependent upon funding from the Government of the Province of Manitoba. The Foundation is a registered charity within the meaning of the *Income Tax Act (Canada)*.

2 Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

3 Summary of significant accounting policies

Cash

Cash includes bank balances and petty cash on hand.

Tangible capital assets

Purchased tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at their fair value at the date of contribution. The amortization methods and annual rates applicable to the various classes of assets are as follows:

Buildings	5% declining balance
Computer equipment	30% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	Straight-line over the term of the lease
Capital leases	Straight-line over the term of the lease

Costs incurred for construction in progress are not amortized until construction is complete. Land is not amortized and is carried at cost.

Revenue recognition

All revenues are reported on the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Vacation pay

The Foundation records a liability with respect to vacation pay entitlements accrued and unused as at year-end. This amount is based on current remuneration.

Pre-retirement pay

The Foundation records the estimated liability for accumulated pre-retirement pay benefits for their employees. The amount of this estimated liability is based on independent actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSLS) of the related employee group. Amortization commences the year following the year when actuarial gain or loss arises.

Pension costs

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Foundation to contribute to the fund 50 percent of the pension obligation upon commencement of an employee's retirement for employees hired prior to October 1, 2002. For employees hired on or after October 1, 2002, the Foundation is required to make an equivalent contribution of 7.1 percent based upon an employee's pensionable earnings up to the yearly maximum pensionable earnings (YMPE) as based upon the Canada Pension Plan; and 9.0 percent on pensionable earnings in excess of the YMPE. These contributions are also recognized as operating expenses. In addition, a provision has been recorded in the accounts of the Foundation for the employer's share of current and past service pension obligations.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

Financial instruments

Financial assets and liabilities are initially recorded at fair value and subsequently recorded at cost or amortized cost. Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at cost or amortized cost are recognized in the Statement of Operations in the period the gain or loss occurs.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

4 Vacation pay recoverable from the Province of Manitoba

Under guidelines produced by the Province of Manitoba, they will fund the Foundation's vacation pay liability up to a maximum of \$667,567 (2019 – \$667,567). Accordingly, the Foundation has recorded a recoverable in the same amount. The vacation pay recoverable has no specified terms of repayment and will be paid by the Province of Manitoba in the event cash is required to discharge the liability in full.

As at March 31, 2020, the liability for accrued vacation pay is \$1,540,503 (2019 – \$1,521,441).

5 Tangible capital assets

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	555,140	-	555,140	703,428
Buildings	12,742,024	6,330,396	6,411,628	7,006,992
Computer equipment	1,016,463	805,422	211,041	248,716
Furniture and equipment	507,893	332,949	174,944	227,835
Leasehold improvements	642,125	642,125	-	226,961
Assets under construction	31,340	-	31,340	31,341
	15,494,985	8,110,892	7,384,093	8,445,273

Included in computer equipment are assets under capital lease with an original cost of \$424,013 (2019 – \$404,684) and accumulated amortization of \$247,173 (2019 – \$202,278). Assets under construction are not amortized until put into service.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

6 Deferred revenue

	2020 \$	2019 \$
Balance – beginning of year	310,553	386,867
Amounts received in the current year	533,370	498,278
Amounts recognized as revenue in the current year	(585,437)	(574,592)
	<hr/>	<hr/>
Balance – end of year	258,486	310,553

7 Obligations under capital lease

The table below reflects the net minimum lease payments of the following fiscal year:

	2020 \$	2019 \$
2020	-	108,351
2021	96,564	73,756
2022	64,729	41,921
2023	32,734	9,740
2024	11,224	-
	<hr/>	<hr/>
Net minimum lease payments	205,251	233,768
Less: Amount representing interest	(21,823)	(24,556)
	<hr/>	<hr/>
Present value of net minimum capital lease payments	183,428	209,212

8 Province of Manitoba pre-retirement pay

The Foundation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility. As at March 31, 2020, the obligation for pre-retirement pay is estimated to be approximately \$2,407,921 (2019 – \$2,467,380) for which the Foundation has recorded an accrued pre-retirement pay liability on the Statement of Financial Position.

The amount of funding which will be provided by the Province of Manitoba for pre-retirement pay was initially determined based on the pre-retirement pay liability as at April 1, 1998 and was recorded as a receivable from the Province of Manitoba. Since fiscal 1999, the Foundation has received funding on an annual basis from the Province of Manitoba, which includes funding for the change in the pre-retirement pay liability and retirement payments in the year, including an interest component on the pre-retirement pay receivable. The pre-retirement pay recoverable from the Province of Manitoba at March 31, 2020, aggregates \$1,153,316 (2019 – \$1,153,316) and has no specified terms of repayment. The receivable for pre-retirement pay will be paid by the Province of Manitoba when it is determined that the cash is required to discharge the pre-retirement pay liability.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

9 Provision for employee pension benefits

The Foundation records the actuarial pension liability and the related pension expense including an interest component, in its financial statements. Based on the most recent actuarial valuation as of December 31, 2018 and projection to March 31, 2020 performed by the independent actuary, the Foundation has recorded an amount of \$30,854,090 (2019 – \$29,867,069) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2020. Total net pension expense of \$2,741,355 (2019 – \$3,105,916) has been recorded in the Statements of Operations.

The Province of Manitoba has accepted responsibility for funding the Foundation's pension liability and the related expense including the interest component. The Foundation has therefore recorded an amount recoverable from the Province of Manitoba of \$30,854,090 (2019 – \$29,867,069) equal to the estimated value of its actuarially determined liability in its financial statements. The Foundation has recorded the associated revenue or expense for the change in the liability in the period offset by the contributions made to the Fund in the amount of \$1,074,729 (2019 – \$1,062,050). The Province of Manitoba makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

Provision for employer's share of employees' pension plan:

	2020 \$	2019 \$
Balance – beginning of year	29,867,069	28,581,601
Change in trust account held by Province of Manitoba	14,056	(33,569)
Benefits accrued	1,190,000	1,334,000
Interest accrued (5.75%; 2019 – 6%)	1,858,000	1,914,000
Benefits paid	(2,548,000)	(2,293,000)
Amortization of actuarial loss	472,965	364,037
	<hr/>	<hr/>
Balance – end of year	30,854,090	29,867,069

The key actuarial assumptions were a rate of return of 5.75% (2019 – 6.00%), 2.00% inflation (2019 – 2.00%), salary rate increases of 3.50% (2019 – 3.75%) and post-retirement indexing 2/3 of the inflation rate. The projected benefits method was used, and the liability has been extrapolated to March 31, 2020.

There is a net unamortized actuarial loss of \$5,136,868 (2019 – \$5,635,832) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group of 14 years (2019 – 14 years).

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

10 Long-term debt

The Province of Manitoba has agreed to fund the principal and interest payments owing on the promissory note over the year term of the debt financed by the Province of Manitoba. For the Thompson loan the Foundation executed a promissory note with the Government of Manitoba for a term of 20 years, this loan matures November 2029 and bears interest at 5.05%. For the Concrete loan the Foundation executed a promissory note with the Government of Manitoba for a term of 5 years, this loan matures March 2025 and bears interest at 2.65%. In the event that such payments are not made, the principal outstanding together with interest owing shall, at the Province of Manitoba's option, become due and payable on demand. Currently the Foundation is making draws on the Thompson HVAC loan and at March 31, 2020 the balance of the draws was \$136,026. The maximum available to draw on the loan is \$160,907, and once complete a promissory note will be executed with the Government of Manitoba.

	2020 \$	2019 \$
Thompson loan		
Balance – beginning of year	4,693,333	5,133,333
Interest expense	227,456	249,077
Less: Payments made by Manitoba Health	(667,456)	(689,077)
	<hr/>	<hr/>
Balance – end of year	4,253,333	4,693,333
Concrete loan		
Balance – beginning of year	172,555	205,736
Interest expense	785	4,840
Less: Payments made by Manitoba Health	(785)	(38,021)
	<hr/>	<hr/>
Balance – end of year	172,555	172,555
Thompson HVAC loan		
Balance – beginning of year	-	-
Additions	135,960	-
Interest expense	66	-
Less: Payments made by Manitoba Health	-	-
	<hr/>	<hr/>
	136,026	-
	<hr/>	<hr/>
Total long-term debt	4,561,914	4,865,888

11 Internally restricted net assets

Internally restricted net assets represent commitments for future expenditures on projects and capital expenditures. At the time the commitments are settled, expenditures are recorded in the Statement of Financial Position or Statement of Operations as appropriate and the restrictions are removed.

Internal restrictions in the amount of \$150,000 (2019 – \$150,000) have been imposed relating to the potential cancellation of Ontario Health referrals.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

12 Commitments

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2021 and 2025. Certain leases contain renewal options at rates to be negotiated. Future minimum lease payments required under operating leases that have initial lease terms in excess of one year are as follows:

	\$
2021	1,889,745
2022	1,439,968
2023	1,377,124
2024	1,303,824
2025	197,800

13 Financial instruments

The fair value of the pre-retirement pay recoverable, deferred revenue, credit facility, capital leases, long-term debt and the long-term pension funding recoverable from the Province of Manitoba approximates the carrying value as the interest component (see notes 6, 7, 8, 9 and 10) is comparable to current market rates.

The fair value of accounts receivable, vacation pay recoverable, accounts payable and accrued liabilities and accrued vacation pay approximates their carrying value due to the short-term nature of these instruments.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the Foundation's cash flows, financial position and expenses. This risk arises from differences in the timing and amount of cash flows related to the Foundation's liabilities. This risk is not significant to the Foundation as there is minimal debt held by the Foundation subject to floating interest rates.

Credit risk

Credit risk is the risk that a financial loss could arise from a counterparty not being able to meet its obligations. The Foundation's financial assets that are exposed to credit risk consist of accounts receivable. The Foundation performs regular assessments on the collectability of its accounts receivable. The risk is not significant to the Foundation as substantially all of the receivables are from the government.

Market risk

During the year, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, self-imposed quarantine periods and social distancing, have caused significant disruption to businesses globally resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Management is in the process of assessing the impact of COVID-19 and governments' responses to it on the Foundation. However, the full financial impacts of these events cannot be quantified at this time.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

14 Other revenue

Other revenue includes the following:

	Budget	2020	2019
	\$	\$	\$
Impaired Drivers' Program fees	933,000	837,975	889,933
School Support Program	699,885	574,272	692,647
Recovery of wages, medical and treatment services and other expenses	180,050	2,410,568	182,517
Training course fees	50,000	73,125	78,039
Donations	22,100	37,683	27,357
Interest	294,343	367,806	280,904
Property and parking rentals	27,700	24,980	28,189
Manitoba Government and General Employees' Union	20,000	39,934	70,790
Miscellaneous	3,150	851	1,864
	<u>2,230,228</u>	<u>4,367,194</u>	<u>2,252,240</u>

During the year, the Foundation experienced flooding at its Portage Avenue corporate services and client residential buildings for which an insurance claim is currently in progress. Expenses incurred to date as a result of the flood are \$2,484,500, of which \$2,326,500 was incurred during the year. The Foundation has recorded a recovery on these costs of \$2,326,500 of which \$1,197,500 was received prior to year-end, with the remaining recorded as a receivable as at March 31, 2020. To date, the Foundation has cash received proceeds of \$1,997,500.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

15 Operating expenses by nature

	Budget	2020	2019
	\$	\$	\$
Advertising and exhibits	50,350	54,451	26,971
Amortization	622,227	758,394	726,345
Audit	24,500	25,244	23,260
Board of Governors' honorarium	14,000	8,616	6,310
Books, journals and audio-visual aids	94,230	52,349	59,331
Courier, postage and telephone	237,837	330,749	336,570
Employee benefits	2,206,594	1,956,761	2,110,238
Fees	360,977	422,548	415,238
Food and household supplies	957,044	968,932	999,963
Health and post-secondary education tax levy	416,359	411,004	418,538
Interest	34,400	244,540	271,897
Materials, repairs and maintenance	1,111,743	2,374,670	857,851
Medical services and supplies	727,700	818,819	747,551
Miscellaneous	42,700	14,777	10,899
Pension	2,664,175	2,741,355	3,105,916
Printing, stationery and office supplies	242,700	247,948	239,989
Rent, insurance and property taxes	1,677,106	2,149,565	1,671,265
Salaries and wages	20,028,540	19,539,795	19,642,052
Staff development	116,296	45,952	69,240
Training	13,450	48,151	51,710
Transportation of clients	89,420	124,248	60,420
Travel and automobile	281,735	393,993	279,892
Utilities	237,160	261,946	261,555
	<u>32,251,243</u>	<u>33,994,807</u>	<u>32,393,001</u>

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

16 Schedule of revenue and expenses

				2020	2019
	Budget	Actual			
	\$	Operating	Capital	Total	Total
		\$	\$	\$	\$
Revenue					
Government of the Province of Manitoba					
Operating	23,796,350	23,897,299	714,706	24,612,005	24,588,090
Manitoba Justice – Drug Treatment Court	145,516	114,004	-	114,004	137,749
Long-term pension – net (note 8)	-	(87,708)	-	(87,708)	223,418
One-time funding	87,040	723,895	-	723,895	35,169
Department of Families - Child & Family Services					
Division	269,700	269,700	-	269,700	269,700
Manitoba Liquor & Lotteries (Social Responsibility – Gambling)	3,723,334	3,821,934	-	3,821,934	3,654,898
Manitoba Liquor & Lotteries (Social Responsibility – Liquor)	1,444,075	1,444,075	-	1,444,075	1,415,758
Manitoba Liquor & Lotteries (Starfish Project)	-	-	-	-	41,006
Gain on sale of tangible capital assets	-	763,673	-	763,673	1,200,582
Other (note 15)	2,230,228	4,367,194	-	4,367,194	2,252,240
	31,696,243	35,314,066	714,706	36,028,772	33,818,610
Substance use expenses					
Administration	1,950,230	1,719,801	228,456	1,948,257	1,931,065
Severance and pension	630,871	131,667	-	131,667	272,070
2019 Flood Insurance Claim	-	2,326,533	-	2,326,533	-
COVID-19 safety expenses	-	25,093	-	25,093	-
Communications and corporate services	1,707,262	1,549,546	-	1,549,546	1,560,142
River Point Centre/M.O.S.T. Program	6,891,824	6,993,689	-	6,993,689	7,107,592
Gambling/Satellite (ECM)	1,414,968	1,403,076	-	1,403,076	1,427,657
Youth (ECM)	2,938,402	2,976,238	-	2,976,238	3,317,969
Women's & Family (Winnipeg)	3,167,533	3,114,390	-	3,114,390	2,989,330

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

				2020	2019
	Budget	Actual			
	\$	Operating	Capital	Total	Total
	\$	\$	\$	\$	\$
Winnipeg buildings	1,259,818	819,742	643,393	1,463,135	1,358,016
Brandon/Southwest	3,541,162	3,593,172	-	3,593,172	3,623,599
Ste. Rose/Parkland	2,196,589	2,075,823	-	2,075,823	2,203,244
AFM North	2,969,414	3,060,532	-	3,060,532	3,110,936
School Based Programs	1,428,788	1,224,260	-	1,224,260	1,447,544
Impaired Drivers Program	866,268	723,437	-	723,437	817,655
Information technology	775,251	661,314	115,001	776,315	800,325
Rapid Access Addiction Medicine	512,863	609,644	-	609,644	425,857
	32,251,243	33,007,957	986,850	33,994,807	32,393,001
Operating surplus (deficit) before other	(555,000)	2,306,109	(272,144)	2,033,965	1,425,609
Other					
Government transfer for capital	295,000	-	46,464	46,464	15,366
Operating surplus (deficit) for the year	(260,000)	2,306,109	(225,680)	2,080,429	1,440,975
Accumulated surplus – beginning of year	-	11,216,863	(218,292)	10,998,571	9,557,596
Accumulated surplus – end of year	(260,000)	13,522,972	(443,972)	13,079,000	10,998,571

Addictions Foundation of Manitoba

Notes to Financial Statements

March 31, 2020

17 Schedule of changes in accumulated surplus

				<u>2020</u>	<u>2019</u>
	Unrestricted surplus	Restricted surplus	Invested in tangible capital assets	Total \$	Total \$
Balance, beginning of year	4,265,577	150,000	6,582,994	10,998,571	9,557,596
Excess of revenue over expenses	2,080,429	-	-	2,080,429	1,440,975
Current year funds used for tangible capital assets	(103,207)	-	103,207	-	-
Contributed tangible capital assets	(46,464)	-	46,464	-	-
Disposal of tangible capital assets	426,674	-	(426,674)	-	-
Annual amortization expense	758,394	-	(758,394)	-	-
Long-term debt repaid	(303,974)	-	303,974	-	-
Change in accumulated surplus	2,811,852	-	(731,423)	2,080,429	1,440,975
Balance, end of year	7,077,429	150,000	5,851,571	13,079,000	10,998,571